



DRAFT
STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012

Thursday, July 21, 2016

10:30 AM

AUDIO FOR THE ENTIRE MEETING. (16-3678)

Attachments: [AUDIO](#)

Present: Chair James A. Blunt, Member Kieu-Anh King and Member Fred Leaf

Absent: Vice Chair Dorinne Jordan and Member Carl Gallucci

I. ADMINISTRATIVE MATTERS

1. Call to Order. (16-3373)

The meeting was called to order by James Blunt at 10:40 a.m.

2. Approval of the June 16, 2016 meeting minutes. (16-3375)

On motion of Kieu-Anh King, seconded by Fred Leaf, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

3. Recommendation to review changes to Board Policy No. 5.030 - Low Cost Labor Resource Program and to extend the sunset review date to October 3, 2020 (7/6/16). (16-3411)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

4. Recommendation to review changes to Board Policy No. 9.180 - Management Appraisal and Performance Plan (MAPP), Tier I and Tier II, Salaries on Appointment, Promotion or Voluntary Demotion and extend the sunset review date to September 15, 2020 (6/15/16). (16-3390)

Kieu-Anh King, Third District, requested corrections to the Policy language to reflect the changes that occurred in 2013. Mr. King indicated that he worked with Napoleon Valera, Chief Executive Office (CEO), to produce the language and requested that CEO submit the revision for consideration at the next meeting.

In response to questions posed by the Committee, Scott Orr, CEO, explained that the threshold moves with the approved general salary adjustment and floats depending upon the year. The table for the Board approved general salary adjustment through 2018 is indicated in the County Code; the reference to the County Code will always be accurate for the threshold. Mr. Orr added that the threshold is based on the Cost-of-living adjustments. Mr. Orr also clarified that the policy is referring readers to the code provision that states the dollar amount.

By Common Consent, there being no objection, this item was continued to the next meeting to allow the CEO to make the recommended revisions to the policy.

Attachments: [SUPPORTING DOCUMENT](#)

III. OLD BUSINESS

5. Department of Health Services - Contract Monitoring Operations Review (2/23/16)(Continued from the meetings of 3/17/16 and 5/19/16). (16-1237)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

6. Countywide Contract Monitoring Division (CCMD) Fiscal Year 2016-17 Draft Monitoring Plan (5/13/16)(Continued from the meeting of 5/19/16). (16-2531)

This item was discussed jointly with Item Nos. 7 and 26.

Kieu-Anh King, Third District provided an overview of the historic review process and stated he was looking for some opportunity to provide more regular feedback to the A-C Plan and Contract Monitoring Plan so in turn A-C can expend their resources in a way that would better reflect the

merging priorities of the Board. Mr. King indicated that by starting this discussion, the Committee can have regular interaction with A-C staff to figure out how to allocate more resources to emerging priorities and fewer resources to less pressing matters.

Mr. King proposed two (2) potential audits for the A-C to conduct. The first audit relates to the County Equity Oversight Panel (CEOP); CEOP works with all county departments to investigate violations of county policy of equity on protected category statuses. Mr. King indicated there is no source of evaluation of what happens after the process is concluded and the panel makes their recommendation to departments. Mr. King requested the A-C assess the resources needed to review the end results of the process and the compliance rate on which the panel took action. A-C was asked to return next month with a plan and estimated hours for this review for evaluation.

Fred Leaf, Fifth District, indicated that this is an important area to look at and expressed concerns with the effect of the panel.

John Naimo, Auditor-Controller, stated this process is parallel with a process that the A-C has incorporated into their semi-annual report to the Board on all of the fraud hotline cases; they added the discipline element for that reason. CEOP could adopt something comparable.

Discussion ensued regarding the employee selection/banding process. Mr. King will work with A-C and Human Resources to figure out how to best approach the issue.

Secondly, the A-C was asked to work with CEO to develop a preliminary policy for the Committee to review in September that requires all departments to report contract monitoring and auditing that occurs externally from CCMD and the A-C annually so that Board offices have a estimate of the contract monitoring reports and audit reports that are done, but Board offices never see.

Mr. King requested a standing item to be included in future Audit Committee agenda for new and proposed audits and contract monitoring review updates. The Committee will need the A-C's help to narrow the scope that is doable on proposed reviews. It will allow the Committee and the A-C to check in on work product and propose revisions to the audit plan, new audits, or contract monitoring reviews.

Robert Smythe, A-C, indicated that one thing the Committee should consider is that A-C has a budget that includes revenue and Inner Fund Transfer (IFT) funds; audits that are not supported by a lending source, will come out from net county cost.

Mr. Smythe added that when the Board orders a contract review, resources will shift to handle Board orders. A-C will update the Committee on audits that they will need to discontinue until the Board orders are completed.

After discussion, on motion of Kieu-Anh King, seconded by James Blunt, the Audit Committee took the following actions:

1. Agenda Item Nos. 6 and 7 were received and filed and A-C was asked to assess resources and auditing hours needed to review CEOP's end process and the department's compliance rate with recommendation made by the panel. A-C was also asked to work with CEO to draft a preliminary Board Policy requiring all departments to report contract monitoring reviews and audits completed outside of CCMD and the A-C annually; and
2. Agenda Item No. 26 was received and filed, and with the request of including a standing discussion and action item in future Audit Committee agendas for new and proposed audits and contract monitoring reviews updates.

Attachments: [SUPPORTING DOCUMENT](#)

7. Audit Division Fiscal Years 2016-17 and 2017-18 Draft Audit Plan (5/13/16)(Continued from the meeting of 5/19/16). (16-2535)

This item was discussed jointly with Item Nos. 6 and 26.

After discussion, on motion of Kieu-Anh King, seconded by James Blunt, this received and filed and A-C was asked to assess resources and auditing hours needed to review CEOP's end process and the department's compliance rate with recommendations made by the panel. A-C was also asked to work with CEO to draft a preliminary Board Policy requiring all departments to report contract monitoring reviews and audits completed outside of CCMD and the A-C annually.

Attachments: [SUPPORTING DOCUMENT](#)

8. Feasibility of Conducting Annual Information Technology and Security Policy Audits (Board Agenda July 14, 2015, Item 8)(5/18/16). (16-2869)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

9. Review of Probation Department's Compliance with the Department of Justice Settlement Agreement for the Juvenile Camps (6/10/16). (16-3101)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS

10. Stirling Behavioral Health Institute - A Department of Mental Health Service Provider - Program Review (6/14/16). (16-3380)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

11. Junior Blind of America - A Department of Mental Health Service Provider - Program Review (6/14/16). (16-3382)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. Fiscal Year 2015-16 Cash Flow Projection (6/21/16). (16-3383)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

13. Community and Senior Services - Fiscal Monitoring of Area Agency on Aging Program Services for Fiscal Year 2014-15 (6/21/16). (16-3384)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

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14. Countywide Utility User Tax Expenditure Audit Report as of June 30, 2015 (6/22/16). (16-3385)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

15. Treasurer's April 25, 2016 Cash Count (6/23/16). (16-3387)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

16. Center for Health Justice, Inc. - A Department of Public Health Division of HIV and STD Programs Provider - Contract Compliance Review (6/24/16). (16-3388)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. HIPAA and HITECH Act Compliance Review - North Hollywood Medical Therapy Unit (6/29/16). (16-3389)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

18. Public Library - Payroll/Personnel Review (7/5/16). (16-3412)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

19. Contractor Alert Reporting Database Status Report - July 2016 (7/14/16). (16-3577)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

20. Department of Agricultural Commissioner/Weights and Measures - Voyager Card Review (7/15/16). (16-3594)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

21. Department of Children and Family Services - KinderTrack System Review (7/15/16). (16-3595)

On motion of Fred Leaf, seconded by Kieu-Anh King, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

22. Department of Children and Family Services - Procurement Follow-Up Review (7/15/16)(Continued from the meeting of 7/21/16). (16-3596)

James Blunt, First District, expressed concern regarding the Department of Children and Family Services (DCFS) response to the audit report, asked how the issue regarding the excess amount of toners was managed and requested clarification.

Fred Leaf, Fifth District, added that the management of gift cards has been a concern for many years and asked for the departments remedy process.

Kim Renner, DCFS, indicated that the toners were distributed among other divisions and in an effort to best manage inventory and curtail unnecessary supply ordering the department has implemented an Auto Order System that allows automatic ordering and tracks inventory. Ms. Renner highlighted the challenges social workers experience when utilizing gift cards. The goal of the gift card usage is to provide the child with an immediate need such as food; however, the process to track gift cards is not always utilized. Management is currently exploring better methods to control and track the usage of gift cards.

Fred Leaf, Fifth District, added that DCFS has had previous control issues that involved the disbursement and tracking of theme park tickets.

Rogelio Tapia, DCFS, indicated that gift cards are now centralized under the fiscal division; however, the challenges arise during the reconciliation process. The department is currently working on improving and strengthening inventory controls.

Fred Leaf, Fifth District, suggested strengthening consequences for employees who violate the inventory process. Ms. Renner agreed with the suggestion and indicated that challenges arise when gift cards are distributed and names and cases are not properly documented in the system. Ms. Renner and Mr. Tapia are working in collaboration to improve the process and curtail the misuse of commodities.

James Blunt, First District, suggested instilling to employees that gift cards be valued and tracked in the same manner as cash. Ms. Renner confirmed that gift cards are valued and tracked the same as cash; however, the documentation process needs improvement.

Mr. Tapia added that in an effort to reinforce policies and rules, a campaign that included several meetings and trainings was conducted; the next step is to improve the final phase of the documentation process.

Ms. Renner indicated that the department is exploring methods to improve the documentation process without adding barriers.

James Blunt, First District, requested clarification on the issue of not obtaining three bids and the use of a third party to purchase supplies. Ms. Renner indicated that a review is currently in progress and does not have full details; however, the complaint that was received was an isolated issue that involved one vendor with certain preferences and purchasing guidelines require to find the commodity with the best bid and it does specify how the vendor obtains the supplies.

James Blunt, First District, asked Audit staff to provide further information on the usage of brokers and bids at the next meeting.

Ms. Renner added that staff needs to be retrained on county policies pertaining to bids. Mr. Tapia also added that when bids are solicited the other party may not always be responsive.

On motion of James Blunt, seconded by Kieu-Anh King, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

V. PROPOSED BOARD POLICY

23. Recommendation to approve a proposed Board Policy entitled, Procedures to Ensure the Legal Protections of Patient Safety Work Product and Reporting to a Third Party Patient Safety Organization, for submission to the Board of Supervisors for final action (7/13/16). (16-3619)

Kieu-Anh King, Third District, requested clarification on the Patient Safety Work Product. Elizabeth Augusta, Department of Health Services, indicated that the Patient Safety Quality Improvement Act of 2005 (PSQIA) was implemented by the federal government to allow various health departments to communicate patient corrective action and safety improvement plans to assist in improving the quality of care and safety.

Destiny Castro, Chief Executive Office, added that the PSQIA gives the health departments the federal protection needed to obtain information regarding patient care.

On motion of Kieu-Anh King, seconded by Fred Leaf, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

VI. DISCUSSIONS

24. Increasing Departments' Delegated Purchasing Authority (Continued from the meetings of 3/17/16 and 5/19/16). (16-0912)

Robert Smythe, Auditor-Controller, provided a brief overview of the request to increase the departments' delegated purchasing authority and indicated that Gerald Plummer, Internal Services Department (ISD), will be providing specific information related to vendors who are identified as underserved small business vendors.

Mr. Plummer stated that the increase of delegated purchasing authority is only for preference programs such as LSBE, DVBE and Social Enterprise(SE) it does not affect the general delegated authority that departments have for amounts that range from \$5,000 to \$15,000. The department is creating a two bid program where departments must obtain and report two valid bids from small businesses such as DVBE and SE, a no bid will not be accepted.

Kieu-Anh King, Third District, asked if the bids were for goods and commodities only. Mr. Plummer confirmed that it will apply to goods,

commodities and services with values under \$25,000.

Mr. King asked if a water consultant was needed and the estimated cost of the project was \$22,000 can an informal RFI or RFQ be submitted to small business and what instructions are provided. Mr. Plummer confirmed that an RFQ would be submitted for a quote; however, the small business must be certified participants of the program with specifications needed for the project, it will then be entered into the ECAPs system. The implementation instructions are still in the development phase, but the idea is that the business can be chosen; however, businesses will be rotated to provide all participants with the potential award bids.

Kieu-Anh King, Third District, asked if there will be a year-end reporting requirement to ensure that departments are awarding bids to small businesses. Mr. Plummer confirmed that a report is in the development phase.

- 25. Department of Justice - Probation Camp and Hall Reviews (Continued from the meetings of 3/17/16 and 5/19/16). (16-1354)**

Aggie Alonso, A-C, provided an overview of the Committee's request from the May 19, 2016 and the June 16, 2016 Audit Committee meeting.

Mr. Alonso reported that the A-C met with the Justice Deputies and received a lot of feedback. Some of the deputies expressed interest in A-C proceeding with more outcome-based reviews and not wait for the Probation working group to come back with recommendations. Mr. Alonso indicated that one of the Board offices would like the A-C to conduct two (2) reviews before the working group meets in November 2016. In addition, the A-C is committed to conduct all the high and medium risk provisions and issuing one (1) report in October 2016 before the working group meets. The working group's recommendation will determine what the A-C will do moving forward.

- 26. Discussion and recommended changes to the 2016-17 Countywide Audit Plan (Continued from the meeting of 5/19/16). (16-2325)**

This item was discussed jointly with Item Nos. 6 and 26.

After discussion, on motion of Kieu-Anh King, seconded by James Blunt, the Audit Committee received and filed this item with the request of including a standing discussion and action item in future Audit Committee agendas for new and proposed audits and contract

monitoring reviews updates.

Attachments: [SUPPORTING DOCUMENT](#)
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- 27.** Pending Audits/Monitoring Reports. (16-3376)

There were no matters presented.

VII. MISCELLANEOUS

- 28.** Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (16-3377)

There were no matters presented.

- 29.** Public Comment. (16-3378)

No member of the public addressed the Committee.

- 30.** Adjournment. (16-3379)

There being no further business to discuss, the meeting was adjourned at 11:44 a.m.